

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION

PERFORMANCE & COMPENSATION COMMITTEE OPEN SESSION

MINUTES OF MEETING September 16, 2005

The Performance and Compensation Committee met on Friday, September 16, 2005, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 11:34 a.m. and the following members were present:

Priya Mathur, Acting Chair Robert Carlson George Diehr Michael Navarro Charles Valdes

Excused Kurato Shimada

Other Board Members Present
James Zerio representing Philip Angelides
Toni Symonds representing Steve Westly

AGENDA ITEM 2 – APPROVAL OF THE AUGUST 12, 2005 PERFORMANCE AND COMPENSATION COMMITTEE OPEN SESSION MEETING MINUTES

The minutes were adopted.

AGENDA ITEM 3 – 2005-2006 PERFORMANCE PLAN MEASURES FOR THE CHIEF EXECUTIVE OFFICER AND CHIEF ACTUARY (SECOND READING)

Chris O'Brien, Chief, Human Resources Division, presented the second reading of the 2005/2006 performance plans for the Chief Executive Officer and Chief Actuary. The Chief Executive Officer's (CEO) plan had been revised to list special projects and it was noted that ongoing updates on special projects will be presented in the CEO's report at each Board meeting. Any changes to special projects will be brought to the committee with the quarterly status reports.

A number of questions arose regarding the weighting and priority order of the CEO's performance measures. Ms. Mathur asked that "Contracting Review Process" be added to the CEO's list of special projects. In addition, the Committee discussed the need for a definition of "special projects" and removing items from the list when a special project becomes core workload. It was determined that the second reading of the Chief Executive Officer's Performance Plan will be agendized for December's meeting.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** the Committee approved the second reading of the 2005-2006 Chief Actuary Performance Plan.

AGENDA ITEM 4 – PROPOSED 2006 COMMITTEE MEETING CALENDAR

Chris O'Brien, Chief, Human Resources Division, presented the proposed 2006 Committee meeting calendar.

On **MOTION** by Mr. Diehr, **SECONDED** and **CARRIED** the Committee approved the proposed 2006 calendar.

AGENDA ITEM 5 – HUMAN RESOURCES DIVISION REPORT

Chris O'Brien, Chief, Human Resources Division, updated the status of the Succession Planning and the Work Force Management Initiative. Activities are well underway with the evaluation of 149 leaders through 360-degree leadership feedback and the completion of leadership skill assessments on 23 leaders. The two processes are ongoing for the current fiscal year. Staff are currently planning other activities and will be meeting with Executive Staff to refine and finalize them. Dora Noegel is working on a succession planning process for Board reportable officers.

Ms. O'Brien also gave an update on the Executive Compensation Consultant Request for Proposal. Ms. Mathur pointed out that she will be on the evaluation panel. It is anticipated that the finalists will be brought before the Committee in December and final selection of the consultant will take place in February.

AGENDA ITEM 6 – PROPOSED DECEMBER 2005 AGENDA

The agenda was approved with modifications. Two agenda items will be added: 2005-2006 CEO Performance Plan (Second Reading) and Election of Vice Chair.

AGENDA ITEM 7 – PUBLIC COMMENT

No public comment.

The meeting adjourned into Closed Session at 11:48 a.m.

The next Performance and Compensation Committee meeting will be held on Friday, December 9, 2005 in Sacramento, California.

A later decision was made in closed session to hold a meeting of the Performance and Compensation Committee on October 14, 2005, in Sacramento, California.